

## **FACING THE FUTURE: Private Industry Councils in the '90s**

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### **Foreword**

In communities across the country, Private Industry Councils are preparing for a new role in employment and training. Some are ahead of the game, having already refocused their councils in response to changes in the nation's economy and their own labor markets; others are just now in the throes of transformation, experiencing all the trials and tribulations that change brings. Whatever the stage of development, an inside look at what PICs have done and are doing to remain substantial contributors to workforce development is enlightening as well as instructive. It is especially appropriate at this crucial moment in employment and training history when pending federal legislation proposes redirecting PIC efforts and redefining the PIC mission.

As this study makes clear, the face of the new PIC will vary from community to community, depending on a host of factors, from state legislation to the status of schools to individual labor markets, among others. Each PIC will, of necessity, have to consider its options, find its niche, and reconfigure itself to address community workforce needs.

NAPIC undertook this study in the belief that the results would serve to lay out the range of opportunities available to PICs and help to guide the way through the '90s. The options will no doubt be limited somewhat by the emerging federal legislation. Nonetheless, NAPIC believes, and this study demonstrates, that PIC leadership grows out of local commitment, it cannot be legislated.

In addition to this study, NAPIC has available a variety of other publications that will prove useful to PICs and workforce boards. Our PIC Board Development Series includes guides to strategic planning, change leadership, and effective meeting management. We also have orientation material for board members, information on new workforce and welfare legislation, practical ideas for improving public relations and for establishing a local speakers bureau, a checklist for incorporation, and much more. NAPIC is prepared to assist you in developing a strong, business-led board to meet the challenges posed by both economic and legislative changes. We look forward to hearing from you.

This study was researched and written by Joseph Fischer, a NAPIC consultant. That this publication is useful both as a practical, "how to" guide for PICs and as a theoretical examination of the evolution of PICs is testament to Joe's keen insight into the dynamics of business-led boards and employment and training policy at the local level. The study was underwritten, in part, by the generous support of AT&T.

Robert Knight  
President  
NAPIC

## **Acknowledgments**

I would like to thank the many business and community leaders who gave generously of their time to make this study possible. I met scores of knowledgeable, committed individuals in the cities I visited. My discussions with them made this a most rewarding endeavor for me personally. Special thanks also go to the PIC directors who reviewed the findings and offered constructive comments. At the end of the study, you will find their names and addresses should you wish to contact them.

This study would not have been possible without the financial support of AT&T. Milton Little, vice president of the AT&T Foundation, has been a most patient backer of this effort. The NAPIC Board of Directors supplied important feedback which tested and strengthened my conclusions. Finally, I appreciate the support and encouragement of the NAPIC staff who assisted throughout the research and writing of this study.

Joseph Fischer  
December 4, 1995  
Washington, D.C.

## **Foreword**

## **Acknowledgments**

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## **Introduction**

Private Industry Councils (PICs) were established in 1979 as local advisory committees to certain federally funded employment and training programs for poor people. In 1982, with the passage of the Job Training Partnership Act (JTPA),

PICs were given substantive governance powers over these programs in partnership with local elected officials. Subsequent legislation has given PICs an oversight role in training programs for laid-off (dislocated) workers, welfare recipients, vocational education students, and other groups.

Since the beginning, the PICs' primary mission has been to bring private employers into the arena of workforce development: to engage their attention, to motivate their involvement, to tap their special expertise in management and their special knowledge of labor market needs, and to encourage them to hire the graduates of employment and training programs.

PICs have been operating now for more than 15 years. During that time the nation's economy and its workforce needs have changed greatly. As a result, it is fair to ask if PICs as presently constituted are relevant to our current needs. Indeed, this question is again being debated in Washington and state capitals as the administration and Congress prepare new legislation to "reinvent" the nation's employment and training system.

In 1994, AT&T provided the necessary funding for the National Association of Private Industry Councils (NAPIC) to study this very question, to shed some light on what kind of private-sector involvement in workforce training programs is required in the twenty-first century and whether PICs are the most effective vehicle to stimulate and channel that involvement.

In carrying out this project, NAPIC staff researched existing literature, consulted with experts, and conducted informal surveys. They also visited five so-called cutting-edge PICs to observe firsthand how PICs are evolving to meet the new challenges before them:

- \* The South Coastal Regional Employment Board, Quincy, Massachusetts
- \* The Regional Workforce Development Board of New Haven, Connecticut
- \* The Kankakee Valley Workforce Development Council, Valparaiso, Indiana
- \* The NOVA Private Industry Council, Sunnyvale, California
- \* The Southern Willamette Private Industry Council, Eugene, Oregon

These PICs were chosen as representative of the various ways in which PICs are responding to the changes taking place in the nation's workforce development system. They are certainly not the only advanced or progressive PICs in the country.

The PICs in Quincy and New Haven are "labor market boards," created and sustained by strong support from their state governments. Both are in mid-sized, white-collar towns with service economies overlaying a now diminished manufacturing base.

The Kankakee Valley is an agricultural/industrial area with a labor shortage caused by retirements of skilled workers from traditional industries and fears about the quality of education of the younger generation. These concerns have led the Kankakee Valley PIC to designate school reform and school-to-work programs as its main priorities—a considerable shift from its former emphasis on disadvantaged adults.

Sunnyvale is in the heart of Silicon Valley and has a churning high-tech economy recently hit by defense downsizings. The NOVA PIC has moved to become a preeminent provider of all types of personnel services to its sophisticated employers.

In Eugene, the PIC must deal with a local "Workforce Quality Committee," an autonomous creation of the Oregon state government empowered to perform many of the interprogram planning and coordination functions that in other states are becoming the responsibility of the PICs. At present, the PIC and the committee have responsibility for separate workforce functions. Business members of these groups, however, generally support an alliance that would lead to a less fragmented structure.

### **Factors That Are Driving Change in PICs**

In 1979, when PICs were first created, government employment and training programs were designed largely to help people at the margins of the generally prosperous American economy: people whose "barriers"—poverty, race, lack of skills or of basic education—prevented them from entering the middle-class "mainstream." PICs were called upon to help oversee special programs designed to overcome some of these barriers, to give their clients a helping hand. The number of people who needed this kind of help was small relative to the entire American workforce. Most Americans, it was thought, were doing fine—well served by traditional mainstream schools and colleges—and did not need special help. Employment and training programs were small, both in terms of clients and funding, compared to other federal efforts such as defense, Medicare, or even highways.

Throughout the 1980s, a number of factors brought about a change in this traditional perception:

Academic studies called attention to the fact that our future economic prosperity would be more closely tied to productivity and workers' skills than had been previously thought. These studies pointed out that the skills and abilities of the average American worker were becoming inferior to those of workers overseas, and may be wholly inadequate for newly "reengineered" firms competing in the global marketplace. It turned out that the mainstream workforce itself was in trouble.

Our traditional training institutions—schools and colleges—also were scrutinized and found to be "mediocre" in too many cases. In fact, they were sometimes criticized as responsible for the declining skills of our workforce, and consequently for placing our nation's economy "at risk."

Much criticism—some unfair—was leveled at the special employment and training programs designed for the disadvantaged. A popular perception developed that they were ineffective and wasteful. Even program supporters agreed that over the years they had become narrowly fragmented, confusing, and hard to use.

More resources might have helped JTPA and other programs become more effective, but the conservative political climate throughout the '80s made larger appropriations of taxpayers' money impossible for this purpose. If employment and training programs were to be improved, they would have to do more with less.

Attention began to focus on the potential role of private business in fixing the mainstream schools—which serve everybody—rather than spending energy on the "marginal" groups served by JTPA or JOBS, the job training program for welfare recipients. Employers were called upon to help establish "skill standards" which could guide schools in teaching their regular students and to engage in "school-to-work" programs in order to

provide opportunities for students to learn job-related skills directly in the workplace. These efforts required employers to be involved in training programs in a much more intimate, personal, and time-intensive way than did serving on the average PIC.

The total quality management (TQM) movement and its emphasis on precise customer identification and satisfaction drifted over from the business schools into government programs. "Privatization" became all the rage. This led PICs and program operators to begin to pay more attention to employers as customers of employment and training programs in addition to relying on them to help out with planning, oversight, and management advice.

In sum, workforce development needs were more widespread than we realized; mainstream educational agencies and traditional training strategies were less effective than we thought; there was not enough government money available--and likely to be even less in the future; and employers needed to be engaged in new and more personal ways in order to solve these problems. The implications of all this have led a number of PICs to redefine their goals and actively pursue new ways of doing business.

## **How "Cutting-Edge" PICs Have Changed to Meet the Challenges**

### **Similarities**

The cutting-edge PICs studied for this report all exhibit the following common characteristics, which distinguish them from "traditional" PICs:

\* The cutting-edge PICs have a very strong identification with the local business community and a sense that their primary mission is to meet the workforce needs of business. One PIC member said: "Make no mistake. Employers are our customers. The trainees are our product." The PIC views its "value added" in terms of its ability (and responsibility)

- (1) to represent the views of its employer "customers,"
- (2) to transmit its customers' needs and desires to the program operators, and
- (3) to see to it that those needs are met.

Assuring "customer satisfaction" adds a new dimension to the strategic planning and oversight roles that the PIC performs as the "Board of Directors" of the programs. Customer satisfaction has assumed far more importance than "meeting U.S. Department of Labor performance standards" as a benchmark for judging the success of the local employment and training programs.

\* The relationship among the PIC members, other local employers, and service provider agencies has begun to resemble other everyday "business" relationships. The PIC seeks to have its programs become part of the wider business life of its community and to adopt the prevalent business culture. PIC members who once asked themselves, How can I use my skills and insights to help this social program?, are now more likely to ask, What can the PIC programs do for my business, or for my business friends and colleagues?

\* As "representatives of business," these cutting-edge PICs support local economic development efforts and other business-backed causes. They are trying to integrate themselves into the business life of their communities more than PICs have done in the past.

\* The cutting-edge PICs seek to serve a wider client base. They are no longer content to be concerned only about JTPA and JTPA's traditional client groups. They have no strong desire to be identified with JTPA programs or other "antipoverty" programs. (Some have even changed their name.) This shift has been evidenced by a heightened concern about youth. Youth have replaced the adult disadvantaged jobseeker as the PICs' primary target group in many cases. But really any jobseeker is considered a proper client for these PICs.

\* It follows that the cutting-edge PICs all actively seek multiple sources of funds: government grants of all types, private grants, and fees for service. They consider their ability to attract, secure, and mix and match funding to further their agenda to be one of their most important "value-added" strengths. Among other things, this allows them to serve a larger and more diverse group of clients.

\* In order to serve larger numbers of participants and offer them a more varied choice of services—and to better satisfy their employer customers—the cutting-edge PICs have become more interested in the mainstream education and training institutions, which many PICs previously ignored in favor of community organizations or "in-house" operations. "Individual referral" of trainees to already existing schools and courses has largely replaced specific "class-sized" programs conducted by the schools, private training organizations, community-based organizations, or PIC staff.

PIC members feel that if workforce development is a nationwide problem and if the solution to that problem requires business input and support, then the PIC should concentrate its limited time and attention on those institutions which have large resources and whose programs affect the lives of many. "Even if JTPA were administered in the most effective possible way, it would still be an underfunded, marginal program affecting a tiny percentage of jobseekers who need skills. The vocational schools and community colleges serve a hundred times the clients that JTPA does. Let's spend our time using, reforming, changing, or coopting these institutions so we can really make a difference," many PIC members would say.

\* Greater interest in youth participants and in mainstream schools has led cutting-edge PICs to devote more time and attention to school-to-work programs, business-education partnerships, and business-led school reform than PICs have done in the past. Local education agencies have not always welcomed this increased attention, but the cutting-edge PICs are aware that cooperation is not easy to come by, and that change will be a long, slow process.

\* The cutting-edge PICs believe strongly in program consolidation, streamlining, and establishment of one-stop career centers. They all strive for implementation of the latest TQM techniques by their vendors and staff: staff empowerment, emphasis on customer feedback, continuous improvement of operations, and use of electronic data networks to provide smooth "user-friendly" services. They are willing to dedicate staff and financial resources to carrying out the boards' specific agendas.

Needless to say, the cutting-edge PICs express considerable self-confidence in the correctness of their expanded roles and in their ability to carry them out. They feel they have transformed themselves into a new instrument for developing and implementing workforce development policy to meet the country's pressing needs. They believe in what they are doing.

## **Differences**

While they all espouse the same basic philosophy and hold similar views of the problems they face, the cutting-edge PICs have gone about implementing their agendas in two very different ways.

### **1. The Supermarket Approach**

Some PICs have become supermarkets of employment and training services. They have sought resources from many diverse sources—non-JTPA federal grants, state and local grants, and private fee-for-service arrangements. They are actively involved in the provision of services and have large staffs to carry them out, although they may contract some services to other vendors. They believe that control of the budget is key to their success and prestige.

These PICs serve as broad a client base as possible, not only the disadvantaged groups that historically made up the JTPA population. They offer a very wide range of services, and consider themselves the original models of the currently popular "one-stop career centers."

They often view themselves as being in competition with other local vendors, particularly for scarce resources. They spend more time and energy (although not necessarily more money) on marketing and self-promotion than most traditional PICs. And this clearly has paid off for them. They point to laudatory testimonials and repeat business.

They assert that their "customers" are employers and that their "product" is trained, motivated jobseekers. They are very solicitous of their "customers" and work hard at keeping them satisfied, using all the latest customer surveying techniques. They pride themselves on "being a business," and fitting into the local business culture; and they would deride most government programs as exhibiting the bureaucratic culture of the Post Office, a trap they say they have avoided. They assure quality outcomes by virtue of direct control over finances and operations, although these PIC boards are not necessarily independently incorporated themselves.

These PICs resist any identification with "social" programs like JTPA or welfare—even though they receive those funds. They feel they are providing needed services to their local employers, and that they have changed their image and service mix to meet the changing demands of their "market." They are very much a part of the local employer community, support its causes, and participate in its economic development activities. They feel their future is secure so long as they can continue to meet their customers' needs. The most successful of these PICs have gained considerable recognition, market penetration, and support from the local business communities. They are truly integrated into the business life of their areas in ways that most PICs are not.

### **2. The "Mall Manager" Approach**

In keeping with the previous retail metaphor, consider a shopping mall. Independently operated stores meet the demands of disparate customers by providing various goods and services. Each store sets its own procedures, targets its own markets, and handles its own finances. The shopping mall management, in addition to renting space, provides certain common services—marketing, parking, utilities—and sets rules that govern all the tenants. These rules determine the number and types of shops that will be

allowed, and to some extent influence the type of customers who will visit. (Is this a Sears-type mall or a Bloomingdale's-type mall?)

While many PICs are trying to become supermarkets of services, a smaller number view themselves as mall managers. They usually call themselves some variant of "workforce" or "employment" board.

These boards do not seek to expand the services they already operate directly. In fact, some of them want to give up or subcontract the services they do provide, on the theory that it is not possible to be both a player and a referee at the same time (to introduce a different metaphor).

The boards describe themselves as planners, facilitators, program coordinators, and overseers. Like the supermarkets, they feel that employers are their prime customers and they have responsibility for transmitting the voice of their customers back to the various employment and training operating agencies and ensuring that those agencies produce quality "products." But they ensure that quality by coordination and facilitation, not by direct control. They would argue that there are many fine programs—each with a particular specialty—that we do not need more programs to compete with them; the problem is tying the existing programs together in a coherent fashion.

The members of these PICs do not feel it necessary to learn the regulatory minutiae of program funding. That's not their value added. They feel that they set the table at which the program managers can make their deals and resolve their conflicts. The PIC as the voice of the business customer will lend its prestige to the smooth facilitation of these negotiations. Unlike the supermarkets, which compete for business (and may lose), the boards are above the fray. The relationship of the board to the programs it coordinates is rather subtle. It rests on the consent of the governed; on the acceptance of its oversight by agencies which receive their funding elsewhere. The oldest and most successful boards are in Massachusetts, where they started in 1988. The Massachusetts Regional Employment Boards (REBs) have the following advantages in carrying out their oversight role:

- \* Strong support of the state government. The REBs are codified in state statute and the official policy is to work through them. A strong State Human Resource Investment Council gives them money, technical assistance, and continuous encouragement. State bureaucracies like education and welfare are forced to reckon with the REBs.

- \* Most REBs have an independent staff solely dedicated to carrying out the facilitation and negotiation role of the board—a neutral broker not tied to any one program or agenda and able to attend the endless meetings required of this strategy.

- \* The REBs are very active in gathering and analyzing local labor market data. They have developed very clear workforce development priorities based on industry needs and local training capacity. As the "knowers of the big picture," no individual agency can challenge them.

- \* The REBs have been active in introducing electronic networking systems for use in case management to track clients and expenses across multiple agencies and funding sources. This control of the data gives the REB an overview of all local programs that it can use in strategic planning and oversight.



\* The REBs have become good at interagency politics. They have consciously changed their agenda from one of defending JTPA to one of seeking the common good; and over time this has been accepted by most others.

Connecticut, New Jersey, and Texas have all begun to transform their PICs into boards more or less along the Massachusetts model. Oregon has created independent local "Workforce Quality Committees" not connected to PICs. The state decided that since most PICs directly operated programs, they were "players" and a new "referee" was needed. Most PIC members would say that this division has not worked well. The workforce committees have had trouble defining their roles and the state has been much less supportive day-to-day than Massachusetts has been of its REBs. Some business members of PICs and workforce committees are looking for a defensible rationale to merge their groups' functions.

Based on this research, it appears that it is very difficult for PICs to become successful workforce boards on their own in the absence of state-level support, although some are attempting to do so. However, if workforce training and education programs are bundled into a flexible block grant, as now seems likely, all the states will have to deal with the question of the proper role of local-level business communities in the planning and facilitation of workforce development when the restrictive federal rules and targeting are removed. PICs should ready themselves for the coming debate (or rather the coming 50 debates) on this issue.

## **Conclusion**

There is general consensus that a skilled workforce is a critical prerequisite to our country's future economic prosperity. The development and maintenance of such a workforce is a task that demands efforts on the part of government, business, community groups, and individuals. Engaging the business community in meaningful dialogue with public policymakers and program administrators is particularly important to the success of workforce development programs. Effective business input is needed in the areas of school-to-work transition, validation of skill competencies, evaluation of training programs, and forecasting the needs of future labor markets.

In addition, private business can make important contributions to the planning, organization, and "governance" of the nation's workforce development "system," especially to the current debates over streamlining, consolidation, and cost-effectiveness.

In order to contribute to this ongoing dialogue, however, a disparate local business community must come together to develop and present common needs and viewpoints in an effective manner. There is compelling logic behind the existence of local, business-led boards or committees which can work in partnership with public officials and workforce program managers.

Since 1979, Private Industry Councils have sought to engage local business leaders in the governance and oversight of one small piece of our whole employment and training system. As new issues have emerged in the last 15 years, training programs designed to help only "disadvantaged" workers have declined in relative importance and popularity. This has prompted some PICs to direct their attention toward new issues and concerns, such as school reform and incumbent worker training and upgrading, and toward systemic improvements, such as the

establishment of one-stop career centers. PICs have begun to look at their mission in new and more expansive ways, take on new responsibilities and activities, and interact (though perhaps not always happily) with new public and private partners. The PICs examined for this report show the variety of ways in which these changes have taken place. In all cases, these PICs have:

- \* Established legitimacy for their own existence and role among all the players in their local system. Other actors agree that the "board" has its place and fulfills an important function in the scheme of things.

- \* Created a shared vision—among business people and agency managers alike—of the most important local workforce issues and a shared strategy for addressing them.

- \* Established influence or control over the resources and policies of more than one local workforce development program.

- \* Redirected the emphasis of new or ongoing programs in accordance with their vision or their new strategic plans.

- \* Acted to make the local workforce development system more cost-effective, more business-oriented, more user-friendly, more open, more customer-centered, more inclusive.

- \* Established uniform standards for evaluation of program performance that are generally accepted and followed.

NAPIC believes that for PICs to remain relevant actors in the workforce development system, they must all more or less follow the lead of those PICs profiled here. They must educate, lead, and represent their business constituents in dealing effectively with the economic challenges of the future.

### **Recommendations for Action**

All the nation's Private Industry Councils will face dramatic changes in the next two years. During 1996, the U.S. Congress will almost certainly legislate a wholesale overhaul of the country's employment and training system, partly in response to the social and economic "change drivers" mentioned above in this report. Among other things, the new legislation will eliminate the Job Training Partnership Act and with it the primary statutory basis for the existence of PICs. The new law may mandate the creation of local "workforce boards," or it may leave this decision in the hands of state governors; but in any case, there is no guarantee that PICs will automatically become these new boards. In fact, there are likely to be more than a few contenders for the role. Therefore, PICs wanting to thrive (or survive) in the future need to take action now.

The PICs profiled in this report have successfully dealt with major changes in their local environments. Although each has accomplished this in different ways, their individual experiences provide useful lessons for PICs nationwide in coping with the coming upheavals. In particular, all PICs should take note of the following significant steps taken by the cutting-edge PICs:

#### **1. Reexamination of the PIC's basic vision.**

The most important action taken by the five cutting-edge PICs was to redefine their view of themselves in light of changed circumstances. They asked basic questions: Why are we here? What is our reason for existence? What do we want to

do? What is our value added? They then went on to devise new mission statements, goals, and operating strategies to conform to their new vision. PICs everywhere must now reexamine their basic vision. There is no more JTPA; both its comfortable certitudes and its annoying strictures are gone, as are all those who would say "But we can't do that!" It is time to think "outside the box."

## **2. Identification of the board's basic strengths.**

What "value added" does the PIC bring to the local employment and training system that is not dependent on JTPA funding and operations? PICs undoubtedly have many strengths, including:

- \* Intimate knowledge of its local economy, its present and future labor market needs, and the specific needs of specific firms.
- \* Connections and entre to the local business community as well as its ability to market to the business community, to sell them on an idea or a project, to marshall their support.
- \* Influence with local and state policymakers.
- \* Ability to be a neutral broker, to encourage and enforce program cooperation, to be a bridge to economic development and other business agendas.
- \* Prestige to represent the business customers of workforce development programs, identify their wants and needs, and provide feedback on performance of programs and outcomes which can be the basis for corrective actions and improvement.
- \* Reputation for oversight of successful "businesslike" programs.

## **3. Aggressive pursuit of new status.**

Once the PIC has decided on a new mission for the board, it should be prepared to lobby vigorously for its acceptance by state and local policymakers, opinion leaders, business groups, program operators, and community agencies. In the absence of strong lobbying efforts on the part of its existing PICs, the state of Oregon created new boards, separate from PICs, because state policymakers believed PICs could not (or did not want to) carry out the activities they had in mind for their local Workforce Quality Committees. A PIC must quickly establish its "legitimacy" as a workforce board, if only as a way of showing that it has abandoned its old ways of thinking about itself.

## **4. Preparation for new operations and activities .**

Workforce boards may or may not have direct authority to operate programs under the new legislation. In any case, the new board's relationship to program operations will be quite different than in the past.

- \* Boards will no longer just be advisers or mentors to program administrators. They will have to insure that business is treated as the workforce development system's primary customer, that business needs are identified, and that programs are shaped to meet them. They will have to fit into the local corporate culture and insure that their program agents do

likewise. They will have to link workforce development to economic development and other broad business agendas and concerns.

\* Boards will no longer oversee just a single program. They will need to research the needs of the entire local community, prioritize them, and allocate scarce education and training resources accordingly—always a delicate and controversial task. They will have to coordinate, coerce, and cajole many different agencies and established institutions into accepting the board's priorities and adjusting their programs. They will have to establish a whole new relationship with the local schools. The board will become a neutral broker, adjudicator, provider of technical assistance, and replicator of best practice. The board will need its own dedicated staff support. PICs should begin immediately to seek out, research, and engage the other education, employment, and training agencies in their local areas.

\* The boards must become customer-conscious. The new workforce development system will provide service to any jobseeker or employer in the community. The old categorical programs and their "significant segments" will be gone. Training will become more customized and individually tailored, both for employer and jobseeker, than it has been in the past. Performance standards will be built around customer satisfaction. The board will have to measure this and react to it.

\* The boards must become salespeople and marketers. One of the most important duties of the new boards will be to build a consensus of opinion favorable to workforce development programs—a goal which has eluded PICs in the past. This will involve convincing business skeptics of the worth both of the concept of public-private workforce development and of the graduates of the programs themselves. Neither of these tasks has been performed particularly well in the past; they remain a major challenge for the new boards.

PICs must begin now to plan how they will reorganize their membership, committee structure, staffing, and meeting agendas to accommodate the changes in their administrative and operational responsibilities that will be brought about by the new legislation in the next few years.

## **Case Studies**

### **Summary**

This study profiles five PICs which have assumed a role in their communities that is larger than that of overseer or operator of JTPA programs. These PICs have formed partnerships with other programs and agencies to begin to create a consolidated workforce development system in their service areas. They may have taken on the responsibilities of governance, "convening," strategic planning, or oversight for many different programs; or they may have been instigators and operators of new programs, developers of new funding sources, or developers of consolidated "one-stop" service centers.

In late 1994, many PICs throughout the nation exhibited one or more of the above characteristics. The choice of only five PICs for detailed study was determined largely by a desire to provide instructive examples of diverse models and to ensure geographic representation. Of course, the study's scope also was limited by the resources available to make site visits.

As the PICs' "trade association," NAPIC acquires considerable knowledge of the

activities and status of PICs in the course of its regular day-to-day operations. NAPIC's Board of Directors consists of 29 knowledgeable PIC chairs and members representing a wide diversity of local organizational arrangements and operational styles.

A careful search of recent literature about ongoing changes in the nation's workforce development system and in the roles of PICs was also conducted. NAPIC staff looked at PICs in the following categories, among others:

- Regional Employment or Workforce Development Boards created by independent state legislation or as part of the development of State Human Resource Investment Councils encouraged by the Job Partnership Training Amendments of 1992. These were profiled in a study by the National Alliance of Business (NAB) in 1994.
- Recipients of demonstration grants under the Job Training 2000 program in 1992. JT2000 encouraged local PICs to consolidate programs, establish one-stop centers, and explore the use of individual vouchers to expand the service choices available to clients.
- PICs in states which received federal One-Stop Implementation Grants in 1994.
- Other one-stop centers established by states and localities as part of program improvement efforts, such as the Wisconsin Job Centers and New York's GATEWAY project.
- Local PICs in states which received School-to-Work Implementation Grants in 1994, and cities which received local school-to-work grants at the same time.
- PICs cited in a study of "exemplary PICs" by CSR Inc., a Washington consulting firm, completed in 1990 for the U. S. Department of Labor.
- PICs/SDAs cited in a study of emerging one-stop centers by the National Governors Association in 1993.
- Sites recommended by public interest groups, academics, and other "wise persons" in the workforce development field.

Site visits of two to three days each took place between December 1994 and March 1995. At each site, staff interviewed between 10 and 15 persons, including PIC members and staff, local elected officials, and representatives of local business, organized labor, schools, community colleges, and social service agencies. Appropriate state and federal officials with knowledge of each site were interviewed by telephone.

The major theme of each site report is how the local PIC has moved to meet the challenges and opportunities brought about by the trends that have affected the country's workforce development system since PICs were created, particularly in the past seven years. These trends led to local conditions—different at each site—that drove PICs to alter their mission and goals, client and program mix, and operational strategies.

\* In Quincy, Massachusetts, the REB successfully assumed the role of the board as envisioned, more or less, under Massachusetts state law. Its story is a lesson in how to exercise subtle power over agencies that receive their funds

from other sources. The REB does it by having dedicated staff, the time and the inclination to schmooze with other stakeholders, the best information available, excellent political instincts—evidenced not only by the staff but also by a succession of chairs—and the strong support of an activist state administration. The question is whether a strong board can exist without these advantages, especially the state vision and continued support. The aura of power is power.

\* In New Haven, Connecticut, the desire of the PIC was to change existing policies to improve the quality of services provided by traditional agencies; to change the service mix to better meet the needs of employers and satisfy economic development agendas; to emphasize services to youth (building on long-standing good relations with the school system); and to consolidate services in one location for greater efficiency. In doing this, the PIC firmly reasserted the authority of the PIC board over the SDA director and "community interests," and actively and successfully sought multiple new funding sources.

\* In Kankakee Valley, Indiana, the PIC is taking a proactive role in initiating school reform. It provides a forum where business can express its concerns about existing schools and offer help and advice. Retirements of skilled manufacturing workers and the fact that young people are moving away have made the community "elders" fearful for the future. Moreover, the young people who stay around don't have needed skills. The PIC has come to see that lack of early education and skill development really cause the unemployment problem that JTPA attempts to fix. (There is also a tradition of limited business-education partnerships that the PIC wants to extend and strengthen.) Studies by NAB and others made business and education communities aware of their common interests. The PIC's efforts are just beginning. Education people come to meetings but do not totally embrace the PIC initiatives. Much work is still needed.

\* In Sunnyvale, California, NOVA is the ultimate "supermarket" of workforce services. The PIC oversees extensive grantsmanship and fee-for-service activities, and insists that the operations are run in a way that reflects the business culture of Silicon Valley. NOVA tries to provide universal service for adult jobseekers and human resource consulting for firms. NOVA is fully integrated into the business life of the community and has branched out to endorse and participate in business causes and economic development projects, labor market studies, transportation studies, and the like. All these new directions for the SDA/PIC were driven by the type of economy it's in, and by the fact that it has had very small allocations under JTPA Title II-A. It had to branch out to survive.

\* Eugene, Oregon's story is one of living with a potential rival board set up by the state. The lesson learned here is that while there may be a need for a labor market board to referee fragmented employment and training programs, it may be a mistake to create another layer, especially a new other layer. The new boy on the block engenders hostility from other contenders. In addition, if a new board is created, its mission must be clarified very precisely, and it must be supported with money and prestige. Oregon state did neither. The new boards are adrift, ignored, and in danger. The Eugene PIC is a supermarket model. Can it also be a board? It's too soon to tell.

### **South Coastal—Quincy, Massachusetts**

Quincy, Massachusetts, is the lead city of the South Coastal Service Delivery Area, which consists of 22 municipalities located immediately south of Boston. Much of the SDA is suburban and residential. Quincy itself is a blue-collar

community of about 85,000 people now being transformed by an influx of new jobs in financial, technical, and service industries moving out of downtown Boston.

In this century, the economy of eastern Massachusetts has experienced boom-and-bust cycles in three major industries--textiles, defense/aerospace, and mini-computers. In each of these cycles, the state's main competitive advantage has been the skills of its relatively highly educated workforce (and its concentration of universities and research facilities). State policymakers, therefore, are continually concerned about updating these skills in order to be able to catch the wave of the next industrial innovation. It follows that Massachusetts is very receptive to new ideas about the delivery of education, training, and other workforce development services.

In the late 1980s, the mini-computer "revolution" was at its height, unemployment in "miracle" Massachusetts was at a historic low, and the state was suffering shortages of skilled technicians and other high-tech workers. State officials realized that state and local governments were spending many hundreds of millions of dollars (nobody knew the precise amount) on employment and training programs that were still not satisfying the economy's need for skilled employees. A number of academic reports pointed out the confusing, fragmented, and inefficient nature of an employment and training system involving multiple funding sources, several layers of government oversight, and thousands of service providers all locked in their own separate and noncommunicative "silos."

In 1988, Massachusetts became the first state to legislate the creation of state- and regional-level "supercouncils" to bring some order to this disorder. The 1988 statute transformed the state's 15 Private Industry Councils into Regional Employment Boards (REBs), reconfigured their membership, and greatly increased their powers. In addition to their traditional role under JTPA, the PICs/REBs were now expected to exercise "planning and oversight" functions over a whole host of local training programs carried out by vocational high schools, community colleges, adult education agencies, and many other traditional service providers. The new role involved "reviewing the programs [of these new agencies] prior to implementation" and the submission of the REB's comments and/or recommendations back to the agency submitting the proposal and to its funding source. Negative comments had to be addressed in writing before any program could be initiated or renewed by any state funding agency. REBs were to devise an employment and training strategy linked to the needs of their regional economy and to develop "standards and objectives" against which to review incoming proposals. The legislation specifically stated that REBs were to review plans and programs of all state and federally funded workforce education, employment, and training programs that operated in their territories.

In exercising this review authority, it was very important that the REBs be (or least be seen as) impartial and neutral referees. There was much debate over whether it would be a conflict of interest if the PICs/REBs continued to "operate" JTPA programs in their new roles. The legislation did not address this matter directly, but the state administration later began to actively discourage REBs from remaining involved in program operations--and particularly from sharing staff with the local SDA.

The statute also created a powerful state council (called the MASSJOBS Council) to oversee this new system and to cajole or coerce non-JTPA state agencies to go along. The MASSJOBS Council was reconfigured and its role was further enhanced by subsequent legislation in 1991. At that time it was given its own state-funded "line-item" budget and authority to hire its own staff as a separate

department of state government. In short, the council became the governor's chief adviser on matters of workforce policy.

The MASSJOBS Council has become a very active (and somewhat controversial) player in state government since that time. It has developed new programs and redirected funding streams. It was instrumental in Massachusetts' receipt of both a School-to-Work Implementation Grant and a One-Stop Implementation Grant from the federal government, each amounting to over \$10 million. It has tirelessly preached its vision of a business-led, customer-conscious, consolidated, flexible employment and training system which provides relevant, high-quality services to all the state's jobseekers and employers, whatever their specific need. Most important, the MASSJOBS Council has spent the last seven years single-mindedly encouraging, publicizing, assisting, funding, and regulating the state's 15 Regional Employment Boards.

From 1982 to 1988, the South Coastal PIC's role was one of overseeing the area's JTPA program. This program consisted of a large "skill center," administered by the city of Quincy, which conducted almost all of its training and other services "in-house." The PIC's own staff viewed itself as a watchdog on the lookout for misspent funds, irrelevant activities, and other bureaucratic failings. Relations with the SDA staff were adversarial, of course. Even at that time, some of the PIC's members were unhappy with their attempts to micromanage programs. They felt they were becoming bureaucrats themselves, and that the "value added" of the PIC must lie elsewhere. Since the passage of the REB legislation in 1988, the PIC (now REB) has created an entirely new role for itself.

The South Coastal REB feels that the original vision of the 1988 legislation—the mandate to review and comment on a multitude of employment and training programs—is unworkable. No part-time volunteer board member could possibly have sufficient knowledge about the intricacies of a dozen different programs and agencies to be able to make meaningful judgments about how best to coordinate them into a "seamless" whole, the REB would argue. The REB cannot command and control the Employment Service, vocational schools, or community colleges any more effectively than it could control its JTPA skill center. The REB's value-adding role is much more subtle.

The REB feels that the creation of a better-coordinated workforce development system is a goal accepted by almost everyone involved, but few can agree on a specific plan. The devil is in the details. The REB's primary role is to facilitate cooperation among programs and agencies. REB members would say that they try to establish an atmosphere of trust in which the experts from the different programs can work together. They describe themselves as brokers, conveners, diplomats, negotiators, adjudicators, schmoozers, and cheerleaders. They are not program experts, monitors, auditors, or grant recipients. In the words of the REB director: "We effect change by persuasion among independent agencies, by participation in dialogue and consensus building between all potential partners. This dialogue is what prevents the inefficient duplication of programs that would occur if everyone still lived in their independent silos—which would be the case if we were not here."

To be effective in this role, the REB realizes that it must adhere to the following principles and guidelines:

The REB must be impartial and viewed as impartial. It has worked very hard for years to acquire a reputation for impartiality and to build trust in



its neutrality. It tries to avoid taking sides in disputes between agencies and governs largely by consensus.

The REB must be inclusive and open to all voices and opinions. This is partly a matter of ensuring a diverse board membership. More important, though, the REB staff spends a great deal of effort gathering intelligence about all the many programs and agencies (and their politics) that deal with any aspect of employment and training in its 22-town area. Although the REB has only 26 members, it co-opts "interested parties" at the drop of a task force and has established standing committees to deal with its most important issues like education reform and school-to-work.

The REB must espouse open and participatory decision making.

The REB must have an independent staff not tied to any one program or funding source. The South Coastal REB has made a conscious decision to invest in a staff to carry out the continuous work of dialoging, schmoozing, and communicating that this REB's style demands. The staff has no operational duties or authority.

The REB's formal goals reflect its philosophy of noninvolvement in program operations. For 1995 there were four goals:

- Coordination of the [entire] Job Training system.
- Education reform and improvement of the region's public educational institutions.
- Establishment of a public relations process to insure the public's awareness of REB goals and activities.
- Conduct necessary research on employer and client needs.

The REB's research agenda has been helped by the priorities of the MASSJOBS Council. In 1992, for the first time in the state's history, the council produced a "Consolidated Budget" of all the state and federal education and training funds being spent by all the programs and agencies and the number of people they served in each service delivery area. The idea was to encourage the state legislature to begin to look at workforce development as a whole system rather than as a conglomeration of competing constituencies. It accomplished that purpose, and it also made individual REBs aware of the magnitude of the resources that were available in each region and could be brought to bear on a common problem.

The MASSJOBS Council also required each REB to produce what was called a "blueprint" of its regional economy. Based on local, on-the-spot research, not state-generated estimates, this blueprint listed "critical" industries suffering labor shortages and "emerging" industries whose demand for labor would peak in five years. It also included an inventory of present local training "capacity" to be compared with the findings about employers' needs. The South Coastal REB worked six months producing its blueprint, which is used as its primary tool in reviewing training proposals and encouraging the development of new course curricula among its various service providers and educational institutions.

Since 1989, the South Coastal REB has used its nonconfrontational, inclusionary brokering activities to establish itself as a formidable presence in its local training scene, even though as a matter of policy it takes no grants, handles no money (directly), runs no programs, and has a tiny staff.

The REB has created an identity independent from the JTPA program, which is still administered by the city. In interviews, non-JTPA service providers and agencies clearly distinguish between the "SDA" and the "REB" in terms of goals, functions, and powers.

The loud and consistent support given the REBs by the state government has invested them with an "aura of power." Local branches of state agencies view the REB as a powerful friend with influence on Beacon Hill (the State House), and wouldn't want them to be a powerful enemy.

Therefore, REB support is actively courted by agencies seeking funding from the state. For competitive or controversial proposals, such support is considered vital. According to a local agency head: "If the REB says your proposal fits into its overall plan, your chances of funding are much greater."

The REB is viewed as a major link to the business community of the region. (That the current chair is an official of the chamber of commerce helps further this impression.) This connection can produce knowledge about job openings and hence placements for an agency's clients. It also can produce business-community support for public initiatives like school-to-work programs. Both private REB members and public agency heads would describe the REB as a successful "bridge between the two sectors."

The REB is viewed as one of the area's knowledgeable sources of information about the local economy and its employment outlook, a reason for its considerable influence over the development of new training programs.

The REB's relations with its JTPA administration have much improved. In 1992, after much REB urging, the SDA closed its skill center and now conducts no training programs directly (although its staff does perform intake, assessment, and case management). All training is contracted to "outside" vendors, greatly increasing the range of choices available to the trainees. The REB influences the choice of offerings as follows:

Each year the REB revises its blueprint of critical and emerging industries. (The 1995 list included health and biotechnology, environmental technologies, and aquaculture.) From this list the REB develops what it calls--after the 1988 legislation--"standards and objectives" for funding training proposals, which include such things as accessibility of training, cooperation between various agencies, training in critical occupations, and so on.

Following this general guidance, SDA staff produces a numerical scale to evaluate proposals, sends out an RFP to its many vendors, reviews the responses, and makes recommendations to the REB. Such cooperation between the SDA and the REB would have been unthinkable before 1988. Today the REB considers JTPA as only one of many programs it's concerned with and this process as only one of its many agenda items.

The REB has begun a major initiative in school-to-work programs. Its interest in this topic dates to long before the state received a special implementation grant. In late 1994, the REB completed a needs assessment and evaluation of the school-to-work process currently existing at local schools. The assessment identified needs in such diverse areas as curriculum development in elementary schools, teacher training, increased use of work-based learning techniques, and attention to out-of-school youth. The region's local school authorities (there

are 19 separate districts) acknowledge that the REB's stamp of approval is needed before the business community will become involved. They hope that the REB will actively encourage participation in school-to-work programs and identify appropriate employers for inclusion in the school-to-work partnerships.

REB member interest and participation have increased dramatically since 1990. In interviews, members agree that the REB's most important role is to "focus attention" on workforce training and to bridge the communications gap between business and government over this vital economic issue. Members consistently refer to defining the "big picture" and providing a "reality check" for the bureaucrats. There is no interest in managing or monitoring individual programs.

The South Coastal REB is a labor market board. The concept of labor market boards has become popular recently as various states have sought to set up variations of Human Resource Investment Councils and to expand the purview of their local PICs. There is debate about whether labor market boards (sometimes called "workforce investment boards" or other variations of the name) can succeed without strong and continuing state government support. In Quincy, there is general agreement that the state's role was in fact vital, that the state's encouragement (and sometimes coercion) was a crucial factor in transforming the state's PICs into REBs, although not always in ways that the state planned or intended.

Formal state legislation raised everybody's awareness of workforce development issues. The statute opened the minds of the PIC business members, showed them a bigger vision more interesting to them and less filled with administrative trivia. In South Coastal, this hastened the emerging decision to stop nitpicking the SDA program and focused attention on the wider world.

MASSJOBS Council pressure to "get out of program operations" made the REB distance itself from JTPA and from competition with other agencies and funding sources, and made it possible for the REB to adopt its neutral convener/broker role.

The MASSJOBS Council gave small grants to REBs to hire "independent" staff not tied to any one program. This reinforced the impartiality of the staff and gave it the resources to pursue an information gathering, dialoging, networking agenda.

The state-mandated "blueprints" forced REBs to examine their labor market for themselves rather than relying on stale state information. It also forced REBs to confront the lack of relevant training capacity among local institutions and to tackle the "training for jobs that don't exist" complaint often made of public employment programs.

The state gave technical assistance. It conducted seminars on how to be a good REB—as defined by the state. It briefed and oriented new members. It created a ten-point "REB effectiveness criteria," a clear vision of what a REB should and could be. This was another eye-opener among local REB members and staffs.

The state gave the REBs exclusive authority to approve a number of small discretionary grants (the JTPA 8% education program and some others). This increased their authority and stature in their communities, particularly among non-JTPA agencies.

The MASSJOBS Council publicizes REBs and their doings constantly—in pamphlets,

press conferences, legislative briefings, and meetings with policymakers. PICs were a well-kept secret; everybody in Massachusetts interested in workforce issues or education knows about REBs.

Workforce development is high on the Massachusetts political agenda. The lieutenant governor personally chairs the MASSJOBS Council. REBs now have access to "high places"; and people in high places listen to them.

All credit, however, does not belong to the state. Local PICs must see some advantage to changing their familiar roles. And they must do most of the work. Some PICs, even in Massachusetts, have resisted the change. Others cannot convince their local communities that REBs have any value to add. Still others are loath to give up control over program operations and detailed funding decisions. "The state," a South Coastal REB member said, "has opened the door. The REBs themselves had to walk through."

### **New Haven, Connecticut**

New Haven, Connecticut, population 130,000, is a poor city in the nation's richest state. It compares unfavorably with state averages in poverty rates, unemployment rates, and high school dropout rates. Per capita income is less than two-thirds of the state average and the number of welfare recipients is high. Forty-eight percent of the city's population is nonwhite.

Once a prosperous manufacturing center—Eli Whitney invented interchangeable parts there in the nineteenth century—New Haven has lost good jobs ever since the end of World War II. Sixteen thousand jobs were lost in the period from 1990 to 1992 alone. In the entire metropolitan area (population 450,000), 21,000 jobs were lost in the same period and only one municipality of the 14 in New Haven's JTPA service delivery area gained any jobs at all. Recently there has been an upsurge of economic development in the biomedical and other technical fields, building on the presence of several major universities and hospitals in the area. Employment opportunities in these fields, however, are dependent on skills which many of the area's undereducated young people or laid-off manufacturing workers may not possess. This last problem affects the entire Connecticut economy in the present time of rapid change.

In 1992, after a number of years of discussion and debate, the Connecticut state legislature authorized by statute the creation of Regional Workforce Development Boards (RWDBs) to manage workforce development policy and programs in nine substate areas coterminous with the existing JTPA service delivery areas. The RWDBs were designed to encourage consolidation and coordination among many education, training, and employment programs formerly funded and administered by separate state and federal agencies. They were given the power to:

- Assess regional needs and set priorities for services affecting the entire workforce, not just special populations.

- Conduct planning for regionwide employment and training programs. Coordinate such programs to ensure that they are responsive to the needs of employers and jobseekers.

- Prepare an annual plan for addressing these needs.

- Review all employment- and training-related grant proposals and plans submitted to state agencies for consistency with the RWDB's regionwide

strategy and to inform the concerned state agencies of the results of that review.

The RWDBs were configured out of the state's existing Private Industry Councils after much negotiation among state and local agencies over the exact details of representation, appointment authority, number and powers of the private-sector members, and many other issues. A major sticking point was the authority of the PICs to continue to "directly operate" JTPA (and other) programs once they had been transformed into regional boards with authority to review and recommend funding of other agencies' possibly competing activities. It was resolved that the regional boards should not be allowed to directly operate any programs except in exceptional circumstances. By the end of 1993, all nine Connecticut PICs agreed to this restriction and other changes. With a formal vote they agreed to become Regional Workforce Development Boards and began to draft their first regional planning strategies.

The several-year-long debate over workforce development boards encouraged the New Haven PIC to rethink its mission, goals, and programmatic operations in rather dramatic ways in order to confront the new challenges before it. However, this was not the only impetus to change that affected the PIC. There were a number of others:

The "baby bust" phenomenon meant fewer young people entering the labor force. School population had been declining for years. (In the '80s, New Haven actually closed one of its three high schools.) The high dropout rate reduced the number of school graduates even further, and even those could not be counted on to be "job ready." The local business community began to feel, for economic as well as social reasons, that substantial resources needed to be invested to "fix" the schools and to "rehab" the preparation of the needed next generation of workers.

The New Haven SDA has always had excellent relations with its local schools, including a lot of cross-sharing of staff, joint grant proposals, and a notable private-sector summer jobs program.

The irritating lack of coordination among job training programs had become worse and worse over the years. A needs assessment survey conducted in late 1993 among both employers and service providers identified "lack of coordination among agencies" and "uncoordinated job development activities" as the fifth and sixth most "serious human resource problems that confront the New Haven area" out of a list of 18 possible choices. Employers were bothered by constant calls, agency staff were bothered by turf-driven secrecy and isolation.

In 1992, New Haven had received a federal Job Training 2000 Demonstration Grant to set up a prototype "voucher" service delivery program, which was believed to have been a great success. The experiment had four results:

- (1) it increased the number and percentage of jobseekers who were given "individual referrals" by the JTPA program,
- (2) it greatly expanded the flexibility of choice of training programs and agencies available to clients,
- (3) it gave the PIC staff experience in formally evaluating training programs and vendors—even vendors they had never dealt with before, and
- (4) it freed the PIC from dependence on a handful of service providers whose wishes and capabilities had long dominated the traditional "classroom" model of training provision.

As the PIC developed its first regionwide workforce development plan after becoming a workforce development board, it carried out research about its labor

market, convened focus groups of stakeholders, sent out surveys, and held board member retreats and public hearings. And in the process, it redefined its self-image and basic philosophy.

The board adopted a new mission statement:

The mission of the Regional Workforce Development Board of Greater New Haven is to provide and direct policy for a regional integrated education, employment and training system that is responsive to the needs of its customers, and [to] be a facilitator of a workforce investment strategy tied to the economic growth of the region.

This sounds traditional, but the board went on to say:

"Customers" are defined as all current and future businesses and employers in Greater New Haven.

The "system" is defined as all organizations and agencies that provide education, employment and/or training to individuals.

The "product" that the system must produce is defined as individuals who possess basic, occupational and attitudinal skills as necessary to attain and maintain employment in the Greater New Haven area.

The identification of employers as "customers" and jobseekers as "product" to be delivered to customers is a serious departure from the traditional thinking of the PIC, even more so when coupled with the idea that the PIC/workforce board would develop policies binding on all the local education and training institutions. The RWDB feels it represents primarily the interests of employers and should carry out policies which further those interests.

There is remarkable consensus about this among the members of the board, even among those who represent labor organizations and social service agencies dedicated to helping the poor. It is clear in interviews with members that the workforce board thinks of itself as the representative of these employer "customers," with a duty to seek out and make known their wishes, measure their satisfaction with the "products," and feed this information back into the operating system. Volunteering on the board becomes more relevant to the members' business lives and concerns and less of a social duty. Members are more interested in how training programs can help them and less in how they can use their business perspective and oversight skills to help the programs.

The board members realize that operating programs to ensure the satisfaction of employer customers implies adopting a whole new management strategy:

The RWDB must improve its marketing and public relations to become better known to the business community.

The board must better define the customers' specific (maybe narrow) skill needs and encourage customized training to meet those needs.

The board must assure a more rational distribution of the resources under its control among the various service providers, even if this means consolidation and defunding of duplicative programs. It must also discourage turf battles and "Lone Ranger" attitudes among providers.

The board should encourage cooperative ventures among many different program providers, particularly if it leads to increased funding levels.

The board understands that JTPA is a small program, serving a tiny fraction of those in need. To increase its influence in the labor market, the board needs to become much more involved with large "mainstream" agencies, such as schools and colleges and the Employment Service, which have large budgets and serve many people. Assistance and improvement of those institutions' programs should be a major goal.

In the past two years, the New Haven RWDB has moved to carry out its agenda in a number of ways:

- \* It made a priority of agency staff co-location and the electronic linking of agencies which could not be co-located.
- \* The board consolidated 11 different agencies at its inner-city service center. It co-located its Dislocated Worker Program with the Employment Service at a suburban site.
- \* The New Haven SDA made considerable investment in a state-of-the-art computerized case management and record keeping system. The workforce board uses the promise of free access to this on-line system as an incentive to other local service agencies to participate in its "no-wrong-door" strategy.

The board changed its target-group priorities. Training and education of at-risk youth and dropout prevention are now considered more important than service to low-income adults, the long-term unemployed, or dislocated workers.

In keeping with the above, the board insisted on a new mix of program delivery strategies. Basic skills training, pre-apprenticeship programs, and school-to-work activities are emphasized for youth, while adults receive on-the-job training and special "customized training" designed to specific employer specifications. Few resources are put into traditional "class-sized" training programs. Almost all adults get individual referrals to mainstream institutions--vocational schools, community colleges, adult education classes--after assessment. The RWDB's own staff conducts no training, but does perform intake, assessment, and case management functions.

The board has been aggressive in pursuing additional funding sources to complement JTPA, JOBS, EDWAA Discretionary, and older worker funds. Funds under the direct control of the RWDB have tripled to \$9 million since 1993. Recently awarded special grants include the following:

- \* One of the dozen or so local-level school-to-work grants given out by the U.S. Department of Labor nationwide.
- \* A Youth Fair Chance Grant, also from the federal labor department, to build a center for intensive, holistic services to severely at-risk youth in an inner-city neighborhood.
- \* A Youthbuild Grant from the U.S. Department of Housing and Urban Development. Youthbuild teaches young people crafts skills by engaging them in community development work and housing rehabilitation.

Connecticut was one of the original six states which received One-Stop Implementation Grants in 1995. New Haven is one of the first two local sites chosen by the state to pilot this concept, which will expand on already existing co-location and electronic linkages between the Employment Service and other training providers to enhance the no-wrong-door philosophy. The intricate diplomacy required to set up this one-stop career center has recently consumed much time and attention of board members and staff.

The New Haven Regional Workforce Development Board's ideas about its proper role continue to evolve. In keeping with its "employer as customer" philosophy, some members feel strongly that the board should become more involved in the collection and analysis of "real and relevant" labor market data, employer-based skill standards, and high-profile marketing to increase its penetration of the consciousness of the business community. These members also support stronger, but as yet unrealized, linkages with economic and community development efforts. Others feel that the board should encourage and subsidize training programs developed and managed directly by private employers for jobseekers whom the firms would then employ—kind of an "OJT Plus" approach.

Unlike the Regional Employment Boards in neighboring Massachusetts, New Haven's board has not yet developed into the exclusively policy-making, neutral, "honest broker" envisioned by the spirit of the 1992 state legislation. Members and staff are much involved in program planning and subcontracting, if not direct program operation. The recent shower of new special-grant riches has made this problem worse, even though all the special programs are designed as collaborative partnerships of multiple agencies. In New Haven, board members would argue that it is politically important to control some funds directly. "Money casts a solid shadow and guarantees a seat at any table," they might say. How this will affect the board's authority to influence programs supported in no part with the board's own funds is yet to be tested.

Nonetheless, the New Haven Regional Workforce Development Board feels it has made long strides away from the old staff-driven, JTPA-oriented PIC of three years ago and that its employer-centered, activist strategy prepares it well for the economic challenges of the '90s.

#### **Kankakee Valley—Valparaiso, Indiana**

The Kankakee Valley (KV) Service Delivery Area consists of six counties (Porter, Laporte, Starke, Newton, Jasper, and Pulaski) in the northwest corner of Indiana, bordering both Illinois and Lake Michigan. The SDA does not include Gary, the most populous city in the region, although the state of Indiana includes it in the Gary-Hammond-East Chicago Standard Metropolitan Area for statistical and economic development planning purposes. The Kankakee Valley SDA has a population of a little over 300,000 spread over a large area, with concentrations in four mid-sized cities of between 25,000 and 35,000 people. Less than 10 percent of the population is nonwhite.

Although the area is mostly rural, manufacturing dominates the economy, employing almost 30 percent of the labor force. There are many small diversified firms. The area's largest employer, however, is Bethlehem Steel, which has a major plant along the lake shore. The SDA's economic fortunes have traditionally been tied to the industrial "rust belt" that stretches from Chicago to Detroit. This area was hard hit in the 1970s and 1980s. In 1983, the first year of JTPA implementation, the Kankakee Valley's unemployment rate was 14 percent. Even today, its workforce is aging (one-half is over 40) and undereducated (one-third of all adults lack a high school diploma). In interviews, business and community



leaders often express concern that young people are leaving the area and that experienced retirees are hard to replace.

Kankakee Valley Workforce Development Services, the JTPA administrative agency, reports to a governing board composed of elected officials representing each of the SDA's six counties and its four major cities. In 1994, KV Workforce Development Services had a budget of \$3 million and served about 1,500 clients in adult, youth, dislocated worker, and welfare employment programs. The Private Industry Council is incorporated, although not the grant recipient or administrative entity, and has always been very active in setting policies and operational priorities.

In the mid-1980s, faced with near-depression-level unemployment, the KV PIC concentrated on adult programs that produced quick job placements. Services to youth were given low priority. Any skill training that was provided was entirely contracted to vocational schools and other local agencies. KV never did much training "in-house" and hence never came to be viewed as a competitor of the established educational institutions—a fact which proved to be an important asset when the PIC later became interested in school reform.

By the late 1980s, prosperity had returned to the rust belt. Unemployment in 1989 was down to 5 percent, less than the national average. Restructured industries were competitive again. But the shock had taken its toll. The PIC began to see more "difficult" clients—jobseekers who lacked basic skills, motivation, or work experience, for whom the SDA's placement-oriented programs could do little. Unlike in the past, the "old" jobs had not come back after the downturn, and the "new" jobs required skills and attitudes that the PIC did not have the time or resources to impart. Faced with a problem it could not solve alone, the PIC began to take an interest in the wider arena of workforce education and development in its local communities. Eventually this interest would lead the PIC to redefine its basic mission and to become heavily involved in school reform, business-education partnerships, and school-to-work programs. This change was gradual, however, and evolved over some time.

In 1991, the PIC joined with the Northwest Indiana Forum, a regional economic development agency, to commission a study by an independent consulting firm on the future of the regional economy. Besides identifying local growth industries and their employment needs, the study's findings echoed those of many nationwide reports of the time: New technology and global competition are drastically changing the nature of the American workplace, and mainstream American students are not being adequately prepared by traditional schools to survive in the new working environment. In particular, the report urged schools to

- " (1) open avenues for post-high school training,
- (2) construct career ladders for key occupations,
- (3) improve communication between the academic and business communities, and
- (4) develop curricula that is more relevant to job needs."

In the KV area, there was an established vocational education system and many existing individual school-business partnerships. The labor market study called for a reexamination of the effectiveness of these traditional arrangements. There were programs and courses, but there was no coherent system. There were ad hoc agreements between a single company (Bethlehem Steel, for example) and a few local schools, but there was no easy way to transfer what was learned through these agreements to other firms or other schools. And there was no way at all to institutionalize communication between the broader business and education communities about common needs and concerns.

In 1992, the PIC hired the National Alliance of Business to further investigate the problem of building better school-business partnerships. NAB interviewed over 300 individual business, education, and community leaders throughout the KV area to ascertain their perceptions of the local workforce development and education system. NAB summarized its findings in four major areas:

The quality of the current workforce was high, but employers expressed concern about retirements and about the skills of younger workforce entrants.

Future jobs would require workers to possess not only higher technical skills but also a foundation of basic knowledge and skills in analytic thinking, decision making, and working in teams.

Both business people and educators agreed that the school system faced significant challenges to becoming responsive to present demands. Schools had not only to offer more current knowledge, but also had to offer it in a way that students could readily accept.

Community leaders articulated a vision for a future education system that emphasized flexibility, creativity, and community-business-education partnerships to address the issue of developing and maintaining a competitive workforce.

There was nothing dramatically new about these views. But the fact that they were expressed by local leaders—not just outside consultants and academics—forced everyone to admit to the importance of local workforce development problems and helped to create a sense of shared responsibility for their solution. In addition, this project greatly increased the visibility of the KV PIC in the eyes of the many community leaders involved and gave the PIC its first experience in a new role as community convener and representative of the business community on large workforce development issues.

By 1994, the PIC had reached an internal consensus that its mission ought to be far broader than the simple oversight of JPTA programs which, although valuable, were not sufficient to solve the recently identified deficiencies in the local workforce. In the summer of that year, the PIC (which by now had changed its name to the Kankakee Valley Workforce Development Council) convened two half-day regional planning workshops of over 75 local business, education, community, and elected "stakeholders" to attempt to "develop a shared vision about workforce development, identify issues, establish shared roles and partnerships and plan specific action steps." Each group of stakeholders identified specific areas where the support of other stakeholders was needed in order to make a significant contribution to a comprehensive workforce development system. For example, educators requested that businesses become change agents, create more openings for student apprentices and interns, adopt high-performance workplaces, and strongly encourage business involvement with schools and specific programs. Business, in turn, requested that educators devote more attention to noncollege-bound students, accept the idea that businesses can in fact teach valuable lessons to students, update student guidance programs to provide a more realistic view of future employment, and involve business in the development of certification standards for graduates' skills.

Community-based organizations and local post-secondary institutions also took part in this process of mutual needs identification. Not every idea was accepted as practical or even possible, but in the words of one participant: "A whole lot was put on the table. More than ever before." The entire group agreed that its

main mission was to ". . . create a globally competitive and dynamic workforce for [our] enterprises and communities, through a collaboration among business, education, labor and government . . ." and that this should be accomplished through seven specific strategies:

Create a shared workforce development focus and a commitment to change throughout the region.

Sustain and strengthen business-education partnerships and community collaboratives.

Develop an efficient regional labor market exchange system.

Identify options relating to educational restructuring and innovation.

Devise and implement strategies that improve individual attitudes towards work and enhance the quality of life.

Encourage local planning that supports [our] vision.

Identify and respond to relevant trends affecting workforce development planning, such as demographics, emerging markets and transportation and migration patterns.

With the support of other community stakeholders, the KV PIC has subsequently embraced these strategies as its new mission and has committed itself to becoming a primary "catalyst" in implementing them. In doing so, it has invented a whole new role for itself. The PIC now feels its appropriate role is to focus on long-term workforce development strategies for its region, rather than to concentrate on any one program or intervention. This includes a number of new activities, quite different from the PIC's traditional agenda:

An emphasis on information exchange about workforce needs, both within the business community and between business and other stakeholders.

A deliberate strategy to identify successful programs and to replicate them throughout the PIC's geographically large territory.

An ability to be the "neutral" convener that can encourage other stakeholders and partners to come together to discuss common needs and problems.

A need to focus on outcomes rather than on the minutiae of program operations or curriculum design—as government agencies tend to do if left to themselves. A desire to set standards and hold schools and service providers accountable for final results.

A willingness to support—not compete with—local mainstream educational institutions: to organize and rationalize the many existing ad hoc business-education partnerships that have grown up over the years; to provide role models for students and up-to-date information for guidance counselors; to give schools feedback on their performance; and, of course, to encourage businesses to hire local graduates and provide them with life-long learning opportunities so they don't have to leave the area to get ahead.

The PIC feels that as the organized representative of the local business community—in effect, its human resource department—it is uniquely qualified to successfully carry out these activities. Since the "stakeholder meetings" of 1994, PIC staff has begun to take a number of practical action steps toward realizing the new goals:

The PIC has established Career Pathways, a program which has placed PIC-funded career counselors in seven area high schools and provided summer job shadowing opportunities for 26 teachers from 13 high schools in 1995. The PIC has also set up special seminars for teachers and counselors on the future of the local labor market and on the use of the national SCANS skills competencies and how to incorporate this information into regular classroom instruction.

PIC staff is preparing a directory of all regional workforce development resources, which will be made available to jobseekers and students over an on-line electronic bulletin board called CareerNET.

The PIC has received a state grant to help set up a formal school-to-work initiative. A planning conference among relevant partners was held in the spring of 1995.

A one-stop career center has been opened in one demonstration site in the SDA with special funding from the state.

The PIC has provided support and encouragement to ten new school-business partnerships throughout its SDA in the past year.

The KV PIC realizes that it has just begun. Schools and other educational institutions are still wary of the PIC's new embrace. The PIC knows that it must broaden the base of support for its new activities, strengthen its credibility among its existing partners, and bring new partners to the table. Further discussions are necessary to identify unspoken agendas and underlying fears among all groups. (One of the PIC's stated action items is to "provide technical assistance in conflict resolution and group decision-making" to its new partners and confreres.)

The KV PIC certainly considers itself to be a labor market board. Its members describe its beliefs, goals, and activities in terms remarkably similar to those used by the members of the workforce boards in Massachusetts and Connecticut. But there is an important difference. In New England, workforce boards were created by state governments which imposed their vision on the local PICs through direct action. These states, therefore, have a vested interest in supporting the boards and seeing them succeed. In contrast, the KV Workforce Development Council evolved on its own with little state support—or even acknowledgment. (It is fair to say that the Indiana state government has also not opposed or hindered the development of local workforce boards.) In the Kankakee Valley, the practical midwestern business PIC members saw that changing local economic trends required a changed response and slowly devised a new action agenda. In the absence of state authority to back it up, the KV PIC's assertion of broad oversight responsibilities over its entire workforce development system has necessarily been soft-spoken. Much more is said about support and assistance than about consolidation and evaluation when the PIC deals with non-JTPA agencies. Diplomacy and dialogue are paramount operating techniques—as they are for the successful New England boards as well. Even without state support, the KV PIC enjoys a number of advantages which will help it assume its broader collaborative role:

PIC members are united behind their new direction. The PIC chair describes "discussion, but no arm twisting" among PIC members to achieve consensus on moving forward.

The KV PIC enjoys good credibility—built up over many years—with the local business community. The PIC can say with confidence that it represents the needs and wishes of the private sector, and that it knows more about those needs than anyone else. The PIC has no rivals among other business groups for the role it has set for itself. Local chambers of commerce are supportive of the PIC's interest in workforce issues, and the Northwest Indiana Forum concentrates on economic development in a three-county area, its efforts focused primarily in Lake County, which is outside the KV SDA.

The PIC's staff and programs enjoy an enviable reputation for competence and successful performance.

Both staff and PIC membership are remarkably stable. People have been around long enough to fully understand both the problems and the agendas of others.

KV's public-private partnership is strong and stable and considered a cornerstone of the organization. Local elected officials support the PIC, and its activities are free from "big-city" politics. No coups are threatened.

The KV SDA administration never operated its own training programs. Hence it was never a competitor with local schools and other service providers for funds or clients. This gives credence to the PIC's claim of being neutral and inclusive.

The PIC created awareness of workforce development problems among other local stakeholders in a noncomplaining, nonthreatening way. Asking 300 people for their views assured that the resulting problem statement would have wide acceptance.

The KV PIC does face a number of obstacles, however. It is a relatively small organization with a relatively small budget compared to those it seeks to influence. Its funding base is narrow and encumbered with restrictions as to its use. In the absence of state support, the PIC is almost totally dependent on federal grants, which may or may not be stable in the long term. Federal dependence tends to undermine the PIC's claim that it has strong support of local businesses and other potential sources of cash.

It is said that the local education community, "below the level of the top administrators," remains unconvinced of the PIC's vision. Some teachers still say that workforce preparation is "not my job, not my problem." As the PIC begins to refine its agenda and to define the specific steps it wants others to take, resistance is sure to grow. The PIC knows it needs some quick "trophy" to enhance the credibility of its new role (and its clout) in the community. An economic downturn could turn business attention to other concerns.

Nonetheless, the KV PIC has become a workforce board. It has adopted a new mission, a new strategy, and a new vision of itself in order to respond to what it considers important economic concerns in its community. It has no state mandate, but no state restrictions either. Because of that, the KV PIC's experiences may be more relevant to the majority of existing PICs nationwide than those of the state-created workforce development boards.

**NOVA—Sunnyvale, California**

The NOVA Service Delivery Area, located about 40 miles south of San Francisco, consists of the California cities of Cupertino, Los Altos, Mountain View, Palo Alto, Santa Clara, and Sunnyvale. (The name NOVA comes from North Santa Clara Valley.) The SDA has a population of just over 400,000 and comprises the northern third of Santa Clara County, whose total population is approximately 1.5 million. The entire area is growing rapidly; Santa Clara County's population increased by over 20 percent between 1980 and 1993.

NOVA is in the heart of Silicon Valley. Its economy is dominated by firms which manufacture computers, computer-related equipment, and other high-tech hardware--much of it defense related. Lockheed/Martin Missiles and Space Company and Hewlett-Packard are the area's largest employers, and Apple Computer, Westinghouse, TRW, National Semiconductor, Intel, and other nationally known firms have a major presence. In addition, there are literally thousands of smaller firms that provide specialized manufacturing, research, and professional services to the industry leaders.

The workforce of Silicon Valley tends to be young, well educated, and affluent. Forty-five percent of the population of Sunnyvale--NOVA's lead city--have a college degree; 40 percent work in managerial or professional jobs; and the median household income in 1990 was over \$50,000. Less than 6 percent of the population live in poverty. The valley's economy boomed in the 1980s; unemployment in Santa Clara County fell from almost 8 percent in 1983 to under 4 percent in 1988. But the electronics industry slowed in the '90s and the end of the Cold War brought significant cutbacks in defense spending. By 1995, unemployment has risen to over 7 percent.

Under the Comprehensive Employment and Training Act (CETA), what is now the NOVA SDA was part of a larger "prime sponsor," which encompassed all of Santa Clara County and was administered by San Jose, the area's largest city. In 1976, the city of Sunnyvale reached the requisite population of 100,000 and became its own employment and training services administrator, with its own staff and an independent budget. With the passage of JTPA in 1982, Sunnyvale provided the leadership for five of its neighboring towns to join with it in the creation of NOVA. The NOVA Private Industry Council was established at this time.

NOVA operates within a traditional SDA structure. The city of Sunnyvale receives, disburses, and accounts for all of NOVA's grants and other resources. The PIC is unincorporated. NOVA's staff are municipal employees. There is no "consortium of mayors" as in many multicity SDAs. Sunnyvale's neighbors have entrusted it with sole responsibility for employment and training program administration in their jurisdictions. In exchange, the city has assumed sole liability for proper expenditure of the funds which--because of huge subsequent growth in NOVA's revenues--accounted for over 8 percent of Sunnyvale's entire municipal budget in 1994.

Sunnyvale's political leaders justify this considerable investment in employment and training services in terms of its economic development potential. Sunnyvale does not offer subsidized land or utilities or special tax breaks to entice new firms to move into its area. It does, however, consider its ability to offer sophisticated training and human resource development services to firms seeking a skilled workforce to be a major marketing advantage. To do this, the city relies extensively on the expertise of the NOVA PIC, which exercises effective control over both the policy and the day-to-day operations of NOVA's programs and which over the years has created an operation that provides

valuable and highly regarded workforce development services to the region's large and small employers.

In the mid-1980s, unemployment in Silicon Valley fell dramatically as high-tech start-up firms created thousands of new jobs. As a result, NOVA's allocations of JTPA funds based on unemployment and poverty levels were severely reduced. (They remain small today. In terms of Title II and Title III formula funding, NOVA is the second smallest SDA in California.) Funding fell almost below the level needed to maintain a viable administrative organization, much less provide meaningful services. Pressure mounted for NOVA to give up its independence and rejoin a larger, countywide SDA. Meanwhile, local employers were desperate for workers. Clearly, the PIC needed a new mission, one more attuned to the realities of its local economy.

The Silicon Valley employment environment is highly volatile. Entrepreneurs start firms to exploit new technological developments and market products which may become obsolete within a few years (as anyone who has ever bought a personal computer already knows). Growing firms recruit skilled workers and technicians, compensate them highly, give them freedom and "empowerment," and generally try to build an informal, collegial, familylike atmosphere in the workplace. But competition and new innovations often force the layoff of workers with highly specialized knowledge when at the same time other nearby firms may be seeking employees with slightly different sets of specialties. The same pattern occurs as well among military contractors who ramp up employment after winning a big bid, only to downsize when the work is complete or the Defense Department changes its priorities. Helping both firms and jobseekers deal effectively with this churning labor market—hiring, laying off, retraining, rehiring—has become NOVA's primary activity in the last ten years. And NOVA has been remarkably successful at it.

In 1982, NOVA's overall budget was \$2.2 million, almost all from JTPA formula allocations. That year, the agency served 2,000 clients with a staff of 16. In 1995, NOVA's budget was \$16.0 million, of which \$2.4 million was from JTPA formula allocations (\$800,000 of that was for summer youth). The agency plans to serve 9,000 jobseekers (of which a few hundred are Title II eligible) and has a staff of 107.

This enormous increase in NOVA's resources has come from many disparate sources—NOVA staff are accomplished grant writers—but mainly from these three:

- (1) Federal and state discretionary dislocated worker grants,
- (2) the Defense Conversion Program, and
- (3) fee-for-service payments from local firms, which have accounted for 10 to 20 percent of the agency's budget in the last five years.

Defense conversion grants have become particularly important in recent years as reduced military needs have precipitated major layoffs in a number of industries. (Between 1990 and its merger with Martin Marietta in 1995, Lockheed reduced its workforce in Sunnyvale by 13,000 employees or almost 40 percent.) NOVA has also been a recipient of innovative dislocated worker grants from the state of California. These grants are targeted at an entire industry—in this case, the electronics industry—rather than at one specific downsizing firm. NOVA has used these grants to help workers caught in the roller-coaster employment pattern common to this industry.

NOVA calls its basic service package "STAR," for Skills Testing, Assessment and Re-employment. It provides laid-off workers (and the economically disadvantaged) with an in-depth assessment designed to help the client identify his or her underlying skill competencies which may be transferable to other jobs in similar

firms or industries. This is particularly useful to overspecialized high-tech workers who may not know how to market themselves using the latest technical terminology and buzz words. High-tech employers often believe, erroneously, that their skill needs are unique. The STAR assessment process helps workers translate their existing skills into terms that a new employer will understand and accept.

Jobseekers who need training are provided with individual referrals to community colleges and other local training agencies or to on-the-job training with potential employers. Clients are trained in job seeking skills and enrolled in "job club" self-help groups. Case management services are provided throughout the entire transition to reemployment. Although NOVA contracts with local community colleges, training vendors, and the Employment Service to facilitate this process, the basic STAR services are provided by its own staff. Under contract with GAIN, California's job training program for welfare recipients, NOVA also provides specialized assessment services.

When STAR was started, unemployment in the area was very low, and NOVA's services were valuable to employers who wanted to recruit the few dislocated workers that were available. More recently, as slowdowns in the electronics business and defense downsizings produced larger numbers of potential laid-off workers, NOVA became known for its success in designing and operating outplacement programs. Local firms even contract with NOVA to provide those services when their own employees cannot meet the guidelines for federal dislocated worker programs.

The size and success of NOVA's outplacement and reemployment programs have made it a major player in workforce development activities in its local economy. Over time, NOVA has expanded the range of services it provides to the local business community. It conducts research on future labor market trends and the skills which will be needed for future jobs. It encourages and funds the development of training courses in new industries, such as bio-tech, in partnership with local educational institutions, and it participates in economic development activities with local business groups. PIC members and staff are actively encouraged to join other boards, commissions, study groups, and community development task forces. As a matter of policy, NOVA seeks to maintain a prominent presence in its labor market and feels one of its roles is to identify and "broker" the workforce needs of its business constituency among other community stakeholders. These high-profile activities have won NOVA considerable statewide and national acclaim—including a presidential visit—in recent years.

NOVA's current success is the result of a number of factors:

The NOVA PIC successfully seized an opportunity to reinvent itself. Faced with reduced funds from JTPA in the early '80s, NOVA refused to accept becoming a small, marginal player. Instead, it actively sought new funding sources even though that meant adopting a new role that shifted emphasis away from its traditional economically disadvantaged constituency. This led to the forming of a new vision and mission and to the development of a new mix of programs to serve a new customer base. This process is common in industry—particularly Silicon Valley-type industries—but rare for government agencies.

NOVA's "new" services fill an important and real market niche in its economy. Silicon Valley employers are, by and large, "people" people. Their profits and productivity are based heavily on the skills of their workers and they take pains to be known as "good places to work." When inevitable layoffs occur, they feel some sense of obligation to provide help for their former employees—if only



to maintain the morale of their remaining workers. NOVA has built its reputation on successfully providing needed outplacement and reemployment services for these firms. In addition, NOVA can usually get government grants to help pay for them and can deal with all the attendant paperwork and regulations that the downsizing firms would rather avoid. By providing a needed service and by acting as the interface between private firms and the government, NOVA has built a large base of satisfied customers in its local employer community.

NOVA works at making its customers feel comfortable. If employers did not trust NOVA, they would not use its services no matter how much they needed them. Although it is a government agency, NOVA tries hard to look and act like a business. Its operations emphasize quality service, customer satisfaction, measurable results, flexibility, and lack of a political agenda.

There is a distinctive Silicon Valley corporate "culture," characterized by team building among employees, partnering with other firms, openness to new ideas, problem solving, flat hierarchies, empowerment of front-line staff, continuous incremental improvement of processes, and many other "quality management" attributes which have now become popular in business circles everywhere.

NOVA's PIC members, many of whom are human resource executives of high-tech firms themselves, have insisted that NOVA's organization and operations reflect this "culture." NOVA's managers have adopted policies that entail regularly rotating staff through many different jobs to gain experience, providing training for new and existing staff, empowering staff to make decisions affecting their jobs, and constantly revising and improving organizational procedures. However much this style improves NOVA's results, it is in addition a very effective marketing tool for the agency. NOVA's employer customers use NOVA because NOVA looks like them and talks like them and acts like them. The most important contribution that NOVA's PIC has made to the success of the agency has been to assure that its operating "culture" is in tune with that of its customers. This is a role few PICs elsewhere have considered or attempted.

NOVA's PIC members very actively promote the agency in the business community. There is a strong identification between PIC members and agency staff. It's all "us." PIC members see no disadvantage in this. In addition to having a distinctive culture, the business community here is very close-knit. "It's a closed network and very performance oriented," observers would say, "but once you're in, as long as you continue to perform, you stay in." NOVA's PIC members have gotten the agency "in." They use NOVA's services regularly themselves--both for recruitment and outplacement--and unhesitatingly recommend them to other firms. Potential PIC members are screened by a selection committee composed of the PIC chair, the CEO of the chamber of commerce, and a city council member before they are recommended to the appointing authority. New members are all given a thorough grounding in NOVA's philosophy, goals, and activities. PIC members are actively encouraged to become involved and to represent the PIC in other business and community efforts such as economic development. NOVA's overall prestige and influence are greatly enhanced by the networks that its PIC members have built in this way.

NOVA is clearly a "cutting-edge" PIC, one which has grown far beyond its original role of providing oversight to JTPA programs. NOVA is not a "workforce development board" as PICs in Massachusetts or Oregon would use that term. While NOVA PIC members would describe their ultimate goal as one of ensuring that workforce development services are provided to all employers and jobseekers regardless of their individual needs, they do not see the PIC's specific role as one of coordination or consolidation of the activities of different independent

employment and training agencies in order to make them more effective. School reform, school-business partnerships, and school-to-work programs have not been high on NOVA's agenda. In interviews, the NOVA PIC members do not articulate a desire to use business know-how to reinvent government, reduce waste of the taxpayers' money, or "solve the welfare mess." They do not complain of a "confusing, duplicative, ineffective" employment and training system that needs to be thoroughly reformed, as do workforce board members elsewhere. They are more likely to be concerned with such purely "business" matters as technology transfer, patent rights, regulations, and permits, small business incubators, and other economic development issues. NOVA, although it is a municipal agency, thinks and acts like a business. It provides valuable services to jobseekers and employers in its local economy and does it very successfully. In doing so, NOVA provides valuable lessons to other PICs as they face the future without JPTA.

### **Southern Willamette-Eugene, Oregon**

The Southern Willamette Private Industry Council serves Lane County, Oregon, which lies 100 miles due south of Portland. Lane County has a population of just over 300,000, of which 150,000 live in the greater Eugene metropolitan area. Although the county's largest single employer is the University of Oregon, the local economy has historically been very dependent on the timber industry. In the last 15 years, the timber industry--always cyclical--has suffered a severe decline in employment because of weak housing markets, competition from imported lumber, and environmental concerns. Lane County, like the entire state of Oregon, has engaged in intensive economic development efforts to diversify its employment base, and has had considerable success in attracting electronics and other high-tech firms moving both from California and from Asian countries. Forecasters predict that by 1997, statewide employment in electronics will overtake employment in forest products. Unfortunately, this shift has its downside. For those with few skills or poor education, highly paid, blue-collar lumbering jobs are being replaced with much lower paid assembly jobs. Policymakers throughout the state, therefore, are particularly concerned with retraining and upgrading workers' skills to enable them to take advantage of the better paying, high-tech employment opportunities being developed.

The Southern Willamette PIC is a major provider of training and employment services in Lane County. Its 1995 budget exceeded \$9 million, of which almost \$2 million represented special grants to retrain laid-off timber workers. (An additional \$2 million was reserved for services to welfare recipients under the JOBS program.) The PIC is incorporated and--in JTPA parlance--serves as both grant recipient and administrative entity for these funds, although it contracts with the Lane County government for provision of some legal, financial, personnel, and other services.

The PIC has a staff of 40 who provide intake, assessment, counseling, case management, and job search services to its various clients. The local Employment Service and welfare offices, community college staff, and several other social service agencies are co-located with the PIC. Basic education, vocational training and retraining, English as a second language, and other "classroom" programs are subcontracted to local training agencies on an individual referral basis. Lane Community College is the most important of these training agencies, particularly for retraining dislocated workers under Title III special grants. The PIC is closely linked to local economic development activities through "First Source" agreements, a mechanism pioneered in Oregon in the 1980s, under which firms receiving development loans or tax breaks promise in return to give hiring preference to local applicants referred by the PIC.

The Southern Willamette PIC has provided traditional employment and training services for local jobseekers and employers since 1982. Recently, however, the state of Oregon has created a new local business-led council which is also involved with workforce development issues. This is the Lane County Regional Workforce Quality Committee.

In the late 1980s, the Oregon state government became very proactive in the field of workforce development. The state realized that its timber-based prosperity was on the decline, and that it needed to prepare itself to participate in the emerging economy of the Pacific Rim. In 1989, the state administration published a report entitled Oregon Shines: An Economic Strategy for the Pacific Century. This report identified workforce quality as one of the state's major competitive advantages and proposed that Oregon take specific steps to "become measurably, the best educated and trained workforce in America by the year 2000 and equal to any in the world by the year 2010."

Shortly thereafter the legislature approved a number of measurable "benchmarks" to guide the state's progress toward this ambitious goal over the next 20 years. One benchmark requires that the percentage of high school students with significant involvement in professional-technical education and entrepreneurial programs rise from 9 percent in 1990 to 55 percent in 2010. Another calls for private employers to increase their employee training budgets from 2 percent of payroll in 1995 to 3 percent in 2010. (Oregon has created hundreds of these benchmarks, not only in the area of employment and training, but in the fields of public health and safety, environmental quality, transportation, and many others as well.) In 1991, the legislature passed a major education reform bill affecting the state's K-12 school system. It established new, higher academic standards, lengthened the school year, revised curricula, and set up special community centers to assist dropouts. The legislators also created the Oregon Workforce Quality Council to develop and manage a comprehensive state employment and training strategy.

The council oversees not only federal employment and training programs (JTPA, JOBS, Perkins) but also state-level workforce development programs such as apprenticeship, adult education, and public vocational school programs, as well as the employment-related courses taught by community colleges and four-year universities. In addition to ensuring that all these programs are administered in a coordinated, efficient, and equitable manner, the council's goals include promoting high-performance work organizations in business and government, promoting public and private involvement in "improved management practices, competitive production processes and worker training," and providing "significant opportunities for business and labor to direct the development and delivery of state education and training policies and programs." And most important, the council is charged with ensuring that progress is made toward meeting the prescribed workforce development "benchmarks." The council's 22 members are drawn from business, labor, and community groups, and it includes all the relevant state education and training department heads.

The Workforce Quality Council has real power. In addition to creating strategic plans and encouraging cooperation, the council "shall review and approve the annual operating plans and review the budgets of the training and education programs of the state agencies represented by its members. All operating plans must be reviewed and approved before agencies may implement them."

The council was also charged to establish a network of regional workforce development committees throughout the state. There are now 15 of these committees, including the Lane County Workforce Quality Committee mentioned

above. The regional committees must include as members representatives from business and labor, local school districts, JTPA agencies, the Employment Service, welfare offices, community colleges, community action agencies, and the local PIC. The Lane County committee has 20 members.

The regional committees lack the council's power to review and approve program budgets. Their statutory tasks are as follows:

Advise the state council on local and regional workforce issues.

Prepare a local strategic plan for achieving the state's workforce development "benchmarks."

Establish agreements between local service providers to coordinate programs. These agreements need to be approved by the state council and should lead to increased efficiency, reduced duplication, and improved delivery of services to local employers and jobseekers.

These are, of course, almost exactly the same responsibilities that other states (like Texas and Massachusetts) had given to their already existing Private Industry Councils. Why didn't Oregon empower its own PICs to carry out this new, broader role? This option was evidently discussed but rejected. The state wanted something new and its thinking was influenced by the following considerations:

The PICs in Oregon were viewed primarily as service providers, specialized agencies that ran programs for a small, hard-to-serve clientele of jobseekers with unique needs. More important, the PICs themselves shared this view and mounted no strong lobbying effort to be designated as the Workforce Quality Committees.

As in other states, Oregon policymakers were concerned with the "player vs. referee" question. How can one service provider fairly oversee other service providers? Any coordination committee must be neutral-in appearance and in fact--because it may be called upon to allocate funds and adjudicate disputes. Therefore, the policymakers reasoned, a new board was needed, one which had no ties to existing turf, no "baggage."

The Oregon policymakers were influenced by their education reform agenda. Both the Oregon Shines report and the Workforce Quality Council's enabling legislation devoted much attention to fixing the schools. The public schools, after all, are a mainstream institution with a far bigger budget and a far more pervasive influence than the PIC's narrow constituency. To improve the workforce meant first to improve the schools, and to set up direct links between educators and employers. The PICs were viewed as too insignificant to accomplish this large and important task. (Certainly, the education establishment thought so.)

The Oregon policymakers were influenced by their desire to reform the private-sector workplace. The Workforce Quality Council's mandate includes introducing total quality management principles, encouraging worker empowerment and continuous improvement techniques, and vastly increasing employers' investment in incumbent worker training. Only in this way would Oregon's workers and firms be able to compete with their counterparts across the Pacific. PICs had never done any of this. No one had, outside of business schools and think tanks. This agenda implied a whole new partnership between government and business, one that involved research in management practices, pilots and demonstration projects, internships, cooperative education programs, and networked communications to

help replicate best practices. In this area as well, the PICs were not viewed as major league players.

The Lane County Regional Workforce Quality Committee was established in 1992. Of its 20 members, 7 also sit on the PIC. Its current chair was formerly chair of the PIC. State funding has been provided for a small staff.

In keeping with its state mandate, the Workforce Quality Committee takes a broad view of workforce development issues. It is committed to the establishment of "new systems of life long learning in our schools, workplaces and our communities . . . to new levels of public/private integration . . . and to continuous improvement of education and workforce development." The committee "seeks to coordinate resources and strategies that promote investment in human resources . . . in education, employment and human and economic development." In practice, the committee concentrates its efforts in the areas of education reform and workplace learning. These are its goals for 1995:

- Raise awareness of and commitment to school restructuring, improving existing workers skills, and transforming management practices to create high-performance workplaces.

- Support restructuring of the school system to raise student achievement.

- Promote technical education and training programs with the potential to lead to high-wage jobs.

- Provide cost-effective coordination of existing employment and training programs.

- Develop strategies for improving the level of business investment in worker training.

The Workforce Quality Committee has in fact done quite a lot to raise awareness of workforce issues in Lane County. It has held seminars and focus groups among business, labor, and community leaders. It funds research in skill standards and convenes business groups to "validate" proposed school curricula and ensure that graduating students have marketable skills. It provides a convenient forum for business people and educators to communicate. It maintains a database and disseminates information about best training practices in education and business and promotes internships for teachers in firms. It encourages new computer-based instruction in schools and businesses.

In 1993, Oregon received a federal School-to-Work Implementation Grant and designated the Workforce Quality Committees as its local approval authority--although the grants themselves go directly to schools. (Lane County will receive almost \$1.5 million over the next three years.) The Lane County committee has encouraged businesses to get involved in the school-to-work movement and has helped to design and implement specific programs.

In the area of employment and training coordination, the committee is creating an inventory of existing programs and developing "performance" measures to judge their success rates. It tries to direct services to smaller employers who are without their own worker training capacity. And it seeks to increase available training resources through grants from governments, foundations, and other private sources.

Relations between the PIC and the Workforce Quality Committee are very amicable.

Each has a primary niche: the PIC administers its traditional programs; the committee is involved in the "new" areas of school-to-work, business-education partnerships, and incumbent worker training. And therein lie some potential problems.

Lane County, it appears, does not have a "regional workforce board" as this term is used in other states—one body whose vision encompasses all the workforce development activities in its territory and which can report to (or stand up to) all the state policymakers and funding agencies on behalf of local issues and concerns. What Lane County has is two PICs, one that deals with JTPA, EDWAA, JOBS, and other special targeted programs, and one that deals with education reform, school-to-work, and workplace learning. Both seek to engage the private business sector as advisers, partners, and customers of their respective activities. But there is still no one entity that has a complete overview: the PIC does not have the necessary state mandate to coordinate programs it does not directly control, and the Workforce Quality Committee does not have the resources or the stature in the community (it's too new and too underfunded) to do the job effectively. In interviews, local business and community leaders stress this point repeatedly. To the average business volunteer—with limited time and attention to spend—the differences between the two boards' overall vision and mission appear to be subtle at best.

A merger is an obvious solution and has been widely discussed, both in Lane County and at the state level. Many who speak for the record would welcome this, some would not. Those who see a need for two separate entities mention the PIC's role as a specialized service provider and are concerned about the "player vs. referee" issue mentioned above. The PIC, for its part, sees no irreconcilable conflict in assuming both roles and proclaims its willingness to do so. It counts its programmatic experience, long-standing ties to business, and ample financing as major strengths it can bring to an expanded workforce development agenda.

The state, meanwhile, is preparing for new federal legislation which will consolidate targeted programs into block grants and set up new one-stop service centers which are to be overseen by "local workforce boards." (Oregon received a One-Stop Implementation Grant in the summer of 1995.) In a paper on "principles and design for block grant implementation," the state commits itself to

- (1) "locally driven" design for service delivery,
- (2) collaborative decision

making among local partners that proceeds from "consensus, as opposed to being imposed from above," and

- (3) "smooth transition to a new model" of workforce development services.

But who will be responsible for achieving these goals in Lane County? There are at least two contenders, both of which own different pieces of the "new model" the state wants to create. In July 1995, the Workforce Quality Committee suffered a severe reduction in the funds it had been receiving from the state. This has led to a curtailing of many of its activities and a weakening of its local authority and credibility.

The Southern Willamette PIC has made a written offer of an "alliance" between itself and the Workforce Quality Committee which covers such issues as size of the resulting merged entity, appointment of new members, financial responsibilities and staffing arrangements, but does not address future funding, policy making, or authority over program coordination or one-stop career centers. As of late 1995, no formal joining had taken place.

## **Appendix**

The individuals listed below may be contacted for more information regarding the case studies contained in this report.

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